IV Semester B.B.A. Degree Examination, July/August 2023

(CBCS Syllabus – 2019-20)

Principles of Cost Accounting

Time : 3 Hours Max. Marks : 80

PART – A

Answer **any five** of the following questions, **2** marks each : **(5 × 2 = 10)**

1. Define cost accounting
2. What is EOQ?
3. What do you mean by labour turnover?
4. Give the meaning of Overhead.
5. What is ABC Analysis?
6. Write the meaning of time booking.
7. Give the meaning of Bin Card.

PART – B

Answer **any three** of the following questions, **5** marks each : **(3 × 5 = 15)**

8. Write the differences between Cost Accounting and Financial Accounting.
9. What is inventory control? Explain its techniques.
10. Mr. Arjun furnished the following data relating to the manufacture of a standard product for the month of January 2022.

	₹
Materials	2,00,000
Labour	1,50,000
Factory expenses	98,000
Office expenses	85,000
Sales	5,10,000

Prepare a cost sheet.

11. From the following particulars, calculate the Economic Order Quantity.

Annual requirement 1600 units

Cost of material per unit Rs.50

Cost of placing and receiving one order Rs.40

Annual carrying cost of inventory 10% of the inventory value

Also find out the number of orders to be place in a year.

12. From the following information, prepare store ledger account under simple average price method.

01/02/2022	Received 500 units @ Rs.20 per unit.
10/02/2022	Received 300 units @ Rs.24 per unit.
15/02/2022	Issued 700 units.
20/02/2022	Received 400 units @ Rs.28 per unit.
25/02/2022	Issued 300 units
28/02/2022	Received 500 units @ Rs.22 per unit.
31/02/2022	Issued 200 units.

PART – C

Answer **any four** of the following questions, **10** marks each : (4 × 10 = 40)

13. Briefly explain the methods of absorption of overheads.

14. What are the steps involved in the purchase of materials?

15. From the following details prepare a store ledger using FIFO & LIFO methods in relation to material K :

Opening balance on 1/9/2015 1000 units @ Rs.4 per unit

Purchases for the month were :

400 units @ Rs.2.5 (6/9/2015)

600 units @ Rs.3 (15/9/2015)

800 units @ Rs.3.70 (23/9/2015)

Issued during the month :

1400 units (8/9/2015)

400 units (16/9/2015)

800 units (24/9/2015)

On physical verification it was found that there is a shortage of 10 units on 20/9/2015, on 21/9/2015 5 units issued on 16/9/2015 were returned by the department.

16. The following figures have been extracted from the records of the company for the year 2017.

	₹
Direct materials	70,000
Direct wages	60,000
Factory overheads	30,000
Administrative overheads	48,000
Selling overheads	32,000
Distribution overheads	16,000
Profit	64,000

A work order has been executed in 2018, the following expenses have been incurred :

	₹
Materials	10,000
Wages	6,000

Assume the rate of factory overheads has gone up by 20%, the administrative overheads has gone up by 10%, selling overheads has Rs.3000 and distribution are Rs.130.

Prepare cost sheet for the year 2017 and find out what price the product would be sold in the 2018, so as to earn same percentage of profit on the selling price.

17. Compute Machine hour rate from the following data :

Cost of machine Rs.2,00,000

Installation charges Rs.20,000

Estimated scrap value after the expiry of 15 years of life Rs.10,000

Rent for the shop per month Rs.400

General lighting for the shop per month Rs.600

Insurance for the machine per annum Rs.1,920

Repairs per annum Rs.2,000

Power 10 units per hour

Rate of power for 100 units Rs.40

Estimated working hours per annum Rs.2,000

Shop supervision salary Rs.1,200 per month

The machine occupies 1/4th of the total area of the shop

The supervisor devotes 1/3 rd of his time for this machine.

18. From the following particulars calculate earnings of A and B under :

(a) Time rate system

(b) Halsey plan

(c) Rowan plan

Standard time 10 hours

Time rate Re.1 per hour

Time taken : A - 9 hours, B - 8 hours

PART – D

Answer **any one** of the following questions, **15** marks : **(1 × 15 = 15)**

19. The Modern Co., is divided into four departments P1, P2 and P3 are producing departments and S1 is a service department. The actual costs for a period are as follows :

	Rs.
Rent	1,000
Repairs	600
Depreciation of plant	450
Employer's liabilities for insurance	150
No. of supervision	1,500
Faire insurance in respect of stock	500
Power	900
Lightings	120

The following information is available in respect of the four departments :

Particulars	P1	P2	P3	S1
Area (Sq. mtrs)	1500	1100	900	500
No of employees	20	15	10	5
Direct wages (Rs.)	6000	4000	3000	2000
Value of the plant (Rs.)	24000	18000	12000	6000
Value of stock (Rs.)	15000	9000	6000	–
HP of plant	24	18	12	6

Apportion the cost to the various departments on the most equitable basis.

20. From the following information of Shimoga Ltd., prepare a statement of cost showing total profit and selling price per unit for the year 2016. Production and sales during the year 2016, 2000 units rate of profit 20% on selling price.

	Rs.
Raw materials cost:	
Opening stock	60,000
Purchase of raw materials	2,00,000
Closing stock of raw materials	20,000
Production labour cost	1,20,000
Factory overheads	90,000
Office overheads	48,000
Selling & distribution overheads	12,000

Shimoga Ltd., has estimated the following for 2017 :

(a) The company decided to produces 5400 unit.

(b) The cost materials will increase by 15% and the productive labour cost will increase by 20%.

(c) 60% of the factory and office overheads are variable and others are fixed.

(d) Selling and distribution overheads per unit will be reduced by 10%.

(e) The rate of profit will remain the same percentage on selling price as it was in 2017.

Also prepare an estimated statement of cost for the year 2017.